

## Message Text

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ACTION STR-07

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AGR-05 CEA-01  
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00  
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02  
OMB-01 DOE-15 /129 W  
-----000965 201019Z /11

P 201003Z JUN 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 1062  
INFO AMEMBASSY MANILA

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USMTN

ACTION STR

STR PASS CODEL

EO 11652: N/A  
TAGS: MTN, ETRD, RP  
SUBJECT: US/PHILIPPINES MTN BILATERAL

REF: STATE 140975

1. SUMMARY: MTN DEL (GRAEF, SWAIN, CASSIDY) MET JUNE 8,  
13 AND 14 WITH PHILIPPINE DEL (AMB. VEGA, CORA MARCOS,  
GARRIDO, AND CARILLOS). AMB. VEGA OFFERED IMPROVEMENTS TO  
OFFER TABLED IN MANILA (SEE PARA 2 BELOW) BUT REFUSED TO  
PUT OFFER IN WRITING EXPLAINING THAT GOP OFFER HAD NOT  
BEEN APPROVED BY HIGHER AUTHORITIES. HE ALSO HEDGED HIS  
BETS ON FULL GATT ACCESSION STATING THAT WHILE TRADE  
BUREAUCRACY FAVORED, THAT PRESIDENTIAL PALACE HAD YET TO  
APPROVE. HE REPEATEDLY ASKED FOR US INDICATIONS OF  
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IMPROVEMENTS TO ITS OFFER. TECHNICAL DISCUSSION OF US  
REQUEST LIST WILL CONTINUE WITH MARCOS (ACTING CHAIRMAN  
OF PHILIPPINE TARRF COMMISSION) BUT NEXT MEETING WITH VEGA  
(WHO IS RETURNING TO MANILA) NOT SCHEDULED UNTIL JULY 6.  
END SUMMARY.

2. AT OUTSET OF JUNE 8 MEETING AMB. VEGA DETAILED THE

FOLLOWING INDICATIONS OF IMPROVEMENTS TO OFFER TABLED IN  
MANILA (ALL OFFERS FOR BINDING AT CURRENT RATES UNLESS  
OTHERWISE DESIGNATED):

|                                        |            |
|----------------------------------------|------------|
| 08.06 APPLES BINDING AT REDUCED RATE   | 70 PERCENT |
| 28.10 PHOSPHOROUS PENTOXIDE            | 10 PERCENT |
| 29.39 HORMONES                         | 10 PERCENT |
| 84.19A (EX) BOTTLING MACHINES          | 10 PERCENT |
| 84.20 WEIGHING MACHINES                | 10 PERCENT |
| 84.52 ACCOUNTING MACHINES              | 20 PERCENT |
| 84.53 ADP EQUIPMENT                    | 20 PERCENT |
| 88.02 AIRPLANES                        | 10 PERCENT |
| 90.28A ELECTRICAL MEASURING INSTRUMENT | 20 PERCENT |

HE ALSO WITHDREW OFFER ON ELECTRIC STARTERS (85.19)  
WHICH HAD BEEN TABLED IN MANILA. FYI: DURING  
JUNE 14 DISCUSSION VEGA RETRACTED EARLIER OFFER AND  
EXPLAINED THAT OFFER WAS FOR CEILING BINDINGS AT  
30 PERCENT EXCEPT FOR APPLES AT 70 PERCENT. IN  
RESPONSE TO MTN DEL CLARIFYING QUESTION VEGA SAID  
THAT BOTH OFFERS SHOULD BE REPORTED TO WASHINGTON.  
END FYI.

3. IN RESPONSE TO MTN DEL QUESTIONS VEGA UNDERTOOK TO  
REEXAMINE PHILIPPINES NEGATIVE RESPONSE TO US REQUESTS ON  
20.07 FRUIT JUICES, AND VEGETABLE PROTEINS (21.07 AND  
35.04). HE REFUSED HOWEVER TO BE DRAWN INTO AN ITEM BY  
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ITEM DISCUSSION OF US REQUESTS BUT AGREED THE MTN DEL  
COULD HOLD TECHNICAL DISCUSSIONS OF OUR REQUESTS WITH CORA  
MARCOS OF THE TARIFF COMMISSION AND CARILLOS OF NEDA:  
COMMENT: ALTHOUGH MEETINGS WITH MS. MARCOS ARE INFORMATIVE,  
LITTLE PROGRESS CAN BE MADE SINCE AMB. VEGA HOLDS ALL THE  
AUTHORITY. END COMMENT. INSTEAD VEGA ASKED THAT THE US  
REVEAL IMPROVEMENTS TO ITS OFFER.

4. MTN DEL RESPONDED THAT IT WAS NOT PREPARED TO DISCUSS  
IMPROVEMENT OF ITS OFFER IN CONTEXT OF JUST TABLED IMPROVE-  
MENTS TO PHILIPPINE OFFER, AND THAT SUBSEQUENT WASHINGTON  
EVALUATION OF GOP OFFER TABLED IN MANILA WAS CONSISTENT  
WITH MTN DEL COMMENTS IN MANILA. SINCE WE WERE IN A  
NEGOTIATING CONTEXT HOWEVER AN OFFER ON 165.44 TO 10 CENT/  
GAL. COULD BE MADE. MTN DEL NOTED THAT MORE MAXIMUM GOP  
EFFORT WOULD BE NECESSARY TO MAINTAIN CURRENT US OFFER.

5. DURING JUNE 13 SESSION WITH MARCOS ET AL, PHILIPPINE  
DEL OFFERED REASONS FOR NOT RESPONDING TO US 3/23 REQUESTS  
WHICH FOLLOWED GENERAL CRITERIA THAT IF PRODUCT COVERED BY  
BOARD OF INVESTMENT (BOI) OR CENTRAL BANK (CB) PROGRAM;  
OR US EXPORTS UNDER \$1 MILLION; OR IF THERE WAS LOCAL

PRODUCTION NO OFFER COULD BE MADE. BOI PROGRAMS INCLUDED EXPORT PRIORITY PROGRAM (EPP) AND INVESTMENT PRIORITY PROGRAMS (IPP). MTN DEL FOCUSSED COMMENTS ON EPP ITEMS, SEVERAL OF WHICH DATED TO 1971-72 BOI PLANS, ARGUING THAT EXPORT SECTOR SHOULD BE EXPOSED TO COMPETITION TO COMPETE EFFECTIVELY INTERNATIONALLY AND THAT IN ANY EVENT REDUCTIONS COULD BE STAGED WELL BEYOND THE 10 YEAR PERIOD GUARANTEED BY BOI FOR ITS INCENTIVES. THIS SUGGESTION MET WITH NO POSITIVE RESPONSE. MTN DEL ALSO POINTED TO THE FACT THE MINIMUM LEVEL OF US TRADE OF \$1 MILLION ALSO LIMITED GOP. FLEXIBILITY. FYI - PHILIPPINE DEL HAS NOW PROVIDED FULL ANALYSIS OF ALL US REQUESTS ACCORDING TO ABOVE MENTIONED CRITERIA WHICH WILL BE SENT TO WASHINGTON

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CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10  
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WITH NEXT AVAILABLE TRAVELLER. END FYI.

6. DURING JUNE 14 WITH AMB. VEGA ATTENDING LITTLE PROGRESS WAS MADE. DURING A REVIEW OF THE SIX PRIORITY GOP AG REQUESTS VEGA AGREED TO "CONFIDENTIALLY" WITHDRAW GOP REQUEST ON SUGAR (TSUS 155.20) LINKED GOP CONCESSION ON UNMANUFACTURED TOBACCO (24.01B) ON US CONCESSION ON CIGAR LEAF SCRAP (TSUS 170.6020) AND AGREED TO PRESS FOR MFN CONCESSIONS ON TOBACCO IN EC MARKET. HE PRESSED ONCE AGAIN FOR MTN DEL TO REVEAL IMPROVEMENTS WITHIN ITS AUTHORITY. MTN DEL RESPONDED THAT ENTIRE US OFFER WAS ON THE TABLE AND QUESTION OF MAINTAINING ALREADY GENEROUS OFFERS HAD TO BE ADDRESSED. MTN DEL REPEATED ARGUMENTS MADE IN MANILA CONCERNING LIMITED TRADE COVERAGE OF

PHILIPPINE OFFER AND REMINDED AMB. VEGA THAT HE HAD ONLY  
TABLED INDICATIONS OF IMPROVEMENTS. MTN DEL WHILE APPRE-  
CIATIVE OF THESE INDICATIONS REVIEWED THE LACK OF QUALI-  
TATIVE ASPECTS IN THE GOP OFFER POINTING TO THE FACT THAT  
ONLY 3 DUTY REDUCTIONS WERE OFFERED (8.06, 24.01B, AND  
38.11A), THA OFFER ON MORE THAN HALF THE ITEMS COVERED  
WAS FOR UNBOUND EXTENSION OF DUTY TREATMENT THAT HAD BEEN  
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GRANTED SINCE 1974-1976 (3 REDUCTIONS THAT ARE OFFERED  
DATE TO 6/73, 7 TO 1/74, 2 TO 5/75 ETC.) AND THAT BINDINGS  
HAD BEEN OFFERED ON ONLY 22 OF 90 ITEMS. WITH RESPECT TO  
BINDING MTN DEL RAISED SUBJECT OF GATT ACCESSION. MTN  
DEL ALSO OUTLINED THE IMPORTANCE OF JUNE 20 AND THE NEED  
FOR WRITTEN GOP OFFER (SEE REFTEL)

7. ON GATT ACCESSION VEGA INDICATED THAT HE HAD BEEN  
INSTRUCTED TO EXPLORE ACCESSION DURING THE MTN BUT THAT  
THE PRESIDENTIAL PALACE HAD NOT YET APPROVED. WITH REGARD  
TO WRITTEN CONFIRMATION OF GOP IMPROVEMENTS HE OFFERED  
THE SAME OBSTACLE, AND RETURNED TO HIS THEME THAT THE GOP  
COULD MAKE NO FURTHER IMPROVEMENTS WITHOUT IMPROVEMENTS  
TO THE US OFFER. HE INDICATED THAT HE WAS RETURNING TO  
MANILA THE WEEK OF JUNE 19 AND THE NEXT FORMAL SESSION  
WAS SCHEDULED JULY 6 ON HIS RETURN FROM MANILA. TECHNICAL  
DISCUSSIONS WILL PROCEED WITH MS. MARCOS THE WEEK OF JUNE  
19.

8. COMMENT: AMB. VEGA WAS AT HIS MERCURIAL BEST (TABLING  
AN OFFER ONE DAY AND AMENDING IT THE NEXT, STRESSING GATT  
ACCESSION BUT IN THE SAME BREATH TALKING ABOUT CONSOLI-  
DATING CONCESSIONS THROUGH A BILATERAL AGREEMENT, THREATEN-  
ING TO WITHDRAW THE OFFER SINCE IT WAS OF NO INTEREST TO  
US BUT UNDERTAKING TO RECOMMEND IMPROVEMENTS TO HIS AUTHOR-  
ITIES) RESULTING IN A PESSIMISTIC MTN DEL ASSESSMENT FOR  
CONCLUDING THE NEGOTIATIONS. WE HOPE AMB. VEGA FINALLY  
UNDERSTANDS THAT THE US OFFER CANNOT BE IMPROVED, OR MAIN-  
TAINED IN THE CONTEXT OF THE CURRENT GOP OFFER. END  
COMMENT.

9. DRAFTED BY GRAEF. CULBERT

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NEGOTIATIONS, TRADE AGREEMENTS, TARIFFS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Errors:** N/A  
**Expiration:**  
**Film Number:** D780256-0697  
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**Litigation Codes:**  
**Litigation History:**  
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**Message ID:** 005cc785-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION STR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 4  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
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**Retention:** 0  
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**Review Exemptions:** n/a  
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**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** US/PHILIPPINES MTN BILATERAL  
**TAGS:** ETRD, RP, US, MTN  
**To:** STATE  
**Type:** TE  
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